

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN

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E.O11652:N/A

TAGS:EAIR, IR

SUBJECT:CIVAIR: BILATERAL TALKS

REF: TEHRAN 2157

1. DEPT REGRETS DELAY IN REPORTING RESULTS OF CIVAIR TALKS HELD FEBRUARY 17-20. TALKS ESSENTIALLY COVERED SAME GROUND OF PREVIOUS DISCUSSIONS AND CONCLUDED WITH MEMORANDUM OF CONSULTATIONS (TEXT BELOW AT PARA 2) WHICH SUMMARIZED VARIOUS POSITIONS TAKEN BY BOTH SIDES IN COURSE OF 3 ROUNDS OF NEGOTIATIONS. AT THIS JUNCTURE, DEPT IS CLEARING POSITION TO EXTEND PRESENT INTERIM AGREEMENT UNTIL DECEMBER 1976 WHICH WE PROPOSE TO INITIATE VIA AN EXCHANGE OF NOTES WITH IRANIAN EMBASSY. IN INFORMAL DISCUSSION WITH US NEGOTIATOR IRANIAN REPRESENTATIVE EXPRESSED HIS GOVERNMENT'S DESIRE TO EXTEND INTERIM AGREEMENT. US SIDE REMAINED NON-COMMITTAL IN HOPE THAT IRANIANS WOULD MAKE FURTHER CONCESSIONS AS APRIL 1 EXPIRY
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DATE OF INTERIM ACCORD APPROACHED. IN ANY EVENT DEPT

WILL ADVISE EMBASSY WHEN US POSITION HAS BEEN CONFIRMED AND US PREPARED TO EXTEND AGREEMENT. TEXT OF ATA MINUTES OF TALKS BEING POUCHED SEPARATELY.

2. BELOW IS TEXT OF MEMORANDUM OF CONSULTATIONS SIGNED FEBRUARY 20, 1976:

"1. DELEGATIONS REPRESENTING THE GOVERNMENTS OF THE UNITED STATES AND IRAN MET IN WASHINGTON, D. C. FEBRUARY 17-20, 1976, IN RESPONSE TO THE IRANIAN REQUEST FOR CONSULTATIONS ON THE AIR TRANSPORT AGREEMENT AND OTHER OUTSTANDING MATTERS AS INDICATED IN THE EXCHANGE OF NOTES BETWEEN THE TWO COUNTRIES, DATED DECEMBER 29, 1975 AND JANUARY 19, 1976.

"2. THE IRANIAN DELEGATION STATED THAT ITS GOVERNMENT ENTERED THE AIR TRANSPORT AGREEMENT AND AGREED TO ITS CAPACITY PROVISIONS AND THE CONSIDERABLE ADVANTAGES GIVEN TO THE US DESIGNATED AIRLINE IN THE BELIEF THAT THE SPECIAL REDUCED FARES FOR CARRIAGE SOLELY ON IRAN AIR WERE ACCEPTABLE TO THE UNITED STATES GOVERNMENT. IF THE FARES WERE NOT AVAILABLE ON THAT BASIS A FUNDAMENTAL IMBALANCE IN THE AGREEMENT WOULD OCCUR. ACCORDINGLY, THE IRANIAN DELEGATION TABLED A REVISION TO THE CAPACITY ARTICLE (ARTICLE 8) OF THE AGREEMENT (IRANIAN DOCUMENT NO. 1, ATTACHMENT A) THAT IT BELIEVED NECESSARY TO BALANCE THE INTERESTS OF THE TWO CARRIERS UNDER THE AIR AGREEMENT.

"3. IN RESPONSE, THE US DELEGATION STATED THAT IT DID NOT BELIEVE THAT ARTICLE 8 CONVEYED ANY SPECIAL ADVANTAGES TO THE US CARRIER AND THAT, MOREOVER, IRANIAN CONCERNS OVER POSSIBLE IMBALANCE DID NOT APPEAR TO BE WARRANTED. IN SUPPORT OF ITS VIEW, THE US DELEGATION TABLED US DOCUMENT NO. 1 (ATTACHMENT B). THIS DOCUMENT FORECASTED THAT OVER A PERIOD OF TIME ANY PRESENT IMBALANCE WOULD BECOME INSIGNIFICANT. SINCE TRAFFIC GROWTH FOR CARRIERS OF BOTH SIDES HAS BEEN SUBSTANTIAL, IT WAS THE CONVICTION OF THE US DELEGATION THAT THERE WAS NO NEED TO MODIFY ARTICLE 8.

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"4. WITH RESPECT TO THE QUESTION OF REDUCED AIR FARES, THE UNITED STATES DELEGATION EXPLAINED THE SERIOUS LEGAL PROBLEMS POSED BY THE NATURE OF THE FARES. IT REPEATED ITS PREVIOUS OFFER TO ACCEPT THE REDUCED FARES FOR STUDENTS, THEIR SPOUSES AND CHILDREN IN ORDER TO MEET THE CONCERNS WITH "BRAIN-DRAIN" EXPRESSED BY THE IRANIAN AUTHORITIES. IN ADDITION THE UNITED STATES DELEGATION

REITERATED ITS GOVERNMENT'S VIEW OF THE HARMFUL EFFECTS OF THE FARES, NOT ONLY ON THE DEVELOPMENT OF SOUND AIR TRANSPORT OPERATIONS BETWEEN THE TWO COUNTRIES BUT ON THE US DESIGNATED CARRIER AS WELL. IT STATED THAT RESERVING CATEGORIES OF TRAFFIC TO THE CARRIERS OF ONE PARTY CONTRAVENES THE FAIR AND EQUAL OPPORTUNITY PROVISIONS OF THE AIR TRANSPORT AGREEMENT. IN THIS RESPECT THE UNITED STATES DELEGATION STATED THAT IF THE REQUIREMENTS OF THE GOVERNMENT OF IRAN CAN BE MET BY A REDUCED FARE APPLICABLE TO STUDENTS AND THEIR FAMILIES, IT WOULD EXPECT THE DESIGNATED CARRIERS OF BOTH COUNTRIES TO PARTICIPATE IN THE CARRIAGE OF THE REDUCED FARE TRAFFIC.

"5. IN RESPONSE, THE IRANIAN DELEGATION STATED THAT, AS EXPLAINED IN OUR PREVIOUS MEETINGS, THE INTRODUCTION OF THE GOVERNMENT ORDERED REDUCED FARES NOT ONLY HAS NOT BEEN HARMFUL TO THE INTERESTS OF THE US DESIGNATED CARRIER, BUT HAS BEEN INSTRUMENTAL IN THE GROWTH OF TRAFFIC OF THE US DESIGNATED CARRIER ON ITS SERVICES TO IRAN. FURTHERMORE, IT IS THE BELIEF OF THE IRANIAN DELEGATION THAT PARTICIPATION OF THE US DESIGNATED CARRIER IN THE CARRIAGE OF IRANIAN GOVERNMENT ORDERED REDUCED FARE TRAFFIC, OR LIMITATION OF ITS SCOPE, WILL FURTHER ACCENTUATE THE EXISTING IMBALANCE.

"6. WITH RESPECT TO THE QUESTION OF CHARTER SERVICES BETWEEN THE TWO COUNTRIES, THE UNITED STATES DELEGATION STATED THAT IN ADDITION TO THE NO-OBJECTION FEE, US CARRIERS HAD ENCOUNTERED A NUMBER OF OTHER PROBLEMS IN THE CONDUCT OF CHARTER SERVICES BETWEEN THE UNITED STATES AND IRAN. THESE PROBLEMS INCLUDED THE RIGHT OF FIRST REFUSAL, ADMINISTRATIVE COMPLEXITIES AND DELAYS, UNEQUAL TREATMENT AMONG US CARRIERS AND GROUND HANDLING

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PROBLEMS. IT WAS THE UNITED STATES VIEW THAT SIMPLIFIED PROCEDURES AND EQUAL TREATMENT OF AUTHORIZED US AIR CARRIERS SHOULD BE PURSUED. THE RESOLUTION OF THESE DIFFICULTIES IS ONE OF THE OBJECTIVES OF THE UNITED STATES GOVERNMENT.

"7. THE TWO DELEGATIONS TOOK NOTE OF THE VIEWS AND DATA WHICH WERE EXCHANGED DURING THE CONSULTATION AND AGREED THAT FURTHER ANALYSIS AND STUDY WERE REQUIRED. IN LIGHT OF THE FACT THAT THE INTERIM ARRANGEMENT COVERED BY THE EXCHANGE OF NOTES DATED DECEMBER 29, 1975 AND JANUARY 19, 1976, IS DUE TO EXPIRE ON MARCH 31, 1976, THE TWO DELEGATIONS WERE OF THE OPINION THAT IF NO SUPERSEDING ARRANGEMENT IS ARRIVED AT PRIOR TO THAT DATE, FURTHER CONSULTATIONS ON MATTERS COVERED HEREIN SHOULD

BE HELD AS SOON AS POSSIBLE AFTER THAT DATE.

"8. THE IRANIAN DELEGATION EXPRESSED THE HOPE THAT THE UNITED STATES VIEW ON ANY SUPERSEDING ARRANGEMENT WOULD BE COMMUNICATED TO THE IRANIAN SIDE BEFORE FEBRUARY 29, 1976, AND THAT SHOULD CONSULTATIONS BE REQUIRED, THEY WOULD TAKE PLACE NOT LATER THAN MAY 31, 1976.

"ROBERT A. BROWN	"EZEDINE KAZEMI
"CHAIRMAN	"CHAIRMAN
"UNITED STATES DELEGATION	"IRANIAN DELEGATION

"FEBRUARY 20, 1976."
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